

APRIL 9, 1976

IMF AND REFORMING THE WORLD MONETARY SYSTEM
ANNCR:

THE INTERNATIONAL MONETARY FUND HAS TAKEN ANOTHER STEP TOWARD REVISING ITS OPERATIONS, AND SIMULTANEOUSLY, THE WORLD'S MONETARY SYSTEM. VOA ECONOMICS EDITOR FRANK FEINBERG ANALYZES THE SIGNIFICANCE OF THE IMF ACTION.

VOICE:

TO MOST PERSONS, THE IMF ANNOUNCEMENT THURSDAY IN WASHINGTON OF REVAMPING ITS BY LAWS MEANS LITTLE IN ITSELF. THE IMF, TO THEM, IS A RELATIVELY UNKNOWN ORGANIZATION. BUT IN REALITY, THE INTERNATIONAL MONETARY FUND -- A WORLD BANK AFFILIATE -- PERFORMS SEVERAL VITAL FUNCTIONS. IT PROMOTES WORLD MONETARY COOPERATION AND INTERNATIONAL TRADE, AND FACILITATES THE SMOOTH EXCHANGE OF CURRENCIES AMONG NATIONS.

THE IMF, INCREASINGLY, IS HELPING TO ENSURE THAT CAPITAL-DEFICIENT COUNTRIES HAVE SUFFICIENT FUNDS TO PAY FOR VITAL OIL, FOOD AND OTHER IMPORTS. PRODDED BY ITS MANAGING DIRECTOR, JOHANNES WITTEVEEII, AND SUPPORTED BY THE UNITED STATES AND OTHER IMF MEMBERS, THE IMF IS BECOMING A CATALYTIC AGENT RATHER THAN A BUREAUCRATIC BODY.

THE IMF'S ANNOUNCEMENT, AMONG OTHER THINGS, OFFICIALLY RECOGNIZES THE PREVAILING FLOATING EXCHANGE RATE SYSTEM OF INTERNATIONALLY TRADED CURRENCIES, ABOLISHES THE OFFICIAL PRICE OF GOLD CIRCULATED AMONG GOVERNMENTS, AND PROVIDES FOR THE SALE OF IMF HELD GOLD TO AID NEEDY NATIONS.

(OPT) THE EIGHTY-FOUR PAGE IMF DOCUMENT ON CHANGING ITS BYLAWS, IN EFFECT, ACTIVATES THE ADMINISTRATIVE MACHINERY TO

OBTAIN APPROVAL BY THE IMF'S ONE-HUNDRED-TWENTY-EIGHT MEMBER NATIONS. THE REFORM PROVISIONS INITIALLY WERE AGREED UPON IN JAMAICA LAST JANUARY, WHEN FINANCE NATIONS OF LEADING TRADING NATIONS CONCLUDED AN ACCORD FOR LIBERALIZING WORLD MONETARY PROCEDURES. (ENDOPT)

THE AGREEMENTS ON GOLD ARE OF MAJOR INTEREST TO LESS DEVELOPED STATES COPING WITH CAPITAL SHORTAGES AGGRAVATED BY INFLATION, THE QUADRUPLING OF OIL PRICES, AND, IN SOME CASES, LESS REVENUES FROM THEIR PRIMARY EXPORTS, REFLECTING THE RECENT RECESSION.

THE IMF NOW WILL BEGIN TO DISPOSE OF FIFTY-MILLION OUNCES OF THE LARGE GOLD RESERVES IT HOLDS. ONE-HALF OF THIS WILL BE SOLD AT MARKET PRICES OVER THE NEXT FOUR-YEARS, WITH PROFITS GOING INTO A TRUST FUND FOR LOANS TO NEEDY NATIONS. THE OTHER TWENTY-FIVE MILLION OUNCES OF THIS GOLD BEING RELINQUISHED WILL REVERT TO IMF MEMBER COUNTRIES -- WHERE IT ORIGINALLY CAME FROM. THEY WILL FURNISH THE IMF WITH EQUIVALENT VALUES IN THEIR CURRENCIES, WHICH WILL GIVE THE IMF MORE MONEY TO LOAN TO NEEDY MEMBER NATIONS.

THE IMF CAN MAKE GOOD USE OF THE EXTRA REVENUES FROM GOLD SALES. LAST YEAR TEN COUNTRIES (EGYPT, FINLAND, MALI, MAURITANIA, MOROCCO, PHILIPPINES, TURKEY, DEMOCRATIC REPUBLIC OF YEMEN, YUGOSLAVIA, ZAMBIA) LOANED THREE HUNDRED SEVENTY-ONE MILLION DOLLARS FROM THE IMF'S NEW OIL FACILITY TO OFFSET BUDGET DEFICIET INCURRED FROM PETROLEUM PAYMENTS. WITHOUT THE OIL FACILITY'S HELP, THESE NATIONS WOULD HAVE FURTHER DECREASED NEEDED IMPORTS.

THE INTERNATIONAL MONETARY FUND IS EMERGING AS
AN INFLUENTIAL INSTRUMENT IN HELPING TO ALLEVIATE VERY
DIFFICULT MONETARY CHALLENGES. ITS ROLE COULD CONTINUE
TO EXPAND, AS MORE NATIONS RECOGNIZE ... AND SUPPORT ..
ITS EFFORTS.

JS/PBM